

easily within the various regions than on a world scale, and the willingness to grant preferences may accordingly be limited to the less advanced countries of the same region. Moreover, the more advanced developing countries are very often in balance of payments' difficulties and may for this reason have considerable difficulties in granting preferences to their less advanced partners on a non-reciprocal and across-the-board basis. Their industries are often also still in a formative stage so that they may be hesitant to expose them to outside competition, even if it were to come from a less advanced country of the same region.

110. For these reasons, if the more advanced developing countries want to consider granting preferences to less advanced ones, these would probably have to be of a selective nature and might need to be complemented with provisions regarding licensing procedures. To allow for the balance of payments' considerations, it would furthermore, be advisable to put the preferential access which the more advanced countries would grant to their less advanced partners into some relation with the increase of the exports that they will have been able to achieve on the basis of the preferences that would be granted by the developed countries. The more additional sales these more advanced countries would be able to make in the developed countries, the more they might be expected to open their markets to the less advanced developing countries. If the problem could be approached in this way, the more advanced developing countries would not immediately grant preferences to the less advanced partners but only once their exports to the developed countries will have expanded in connexion with the preferential system. The more advanced countries might consider subscribing to a declaration of their intent to act accordingly in their trade relationships with less advanced countries. The action taken on the basis of this declaration might be reviewed in connexion with the review of the operation of the preferential system from the point of view of the less advanced developing countries. If the more advanced developing countries, by that time, would have failed to act accordingly, this may be a reason for taking additional special measures in favour of the less advanced countries.

(7) SPECIAL FINANCIAL AND TECHNICAL ASSISTANCE MEASURES

111. After examining the various trade policy methods for enabling the less-advanced countries to take better advantage of a general preferential system for manufactures and semi-manufactures, it must be recalled that measures of financial and technical assistance may even be more important for achieving results in this respect. Indeed, these countries have often not yet installed any productive capacity in goods that could be sold in the developed countries' markets. To make up for this handicap, these countries would need priority access to funds for undertaking feasibility studies, for training personnel, and eventually for financing such industries. Afterwards, a special effort would have to be made to assist these countries to improve the efficiency and quality of their production. In all these actions, the United Nations Industrial Development Organization and international and regional banking institutions would have to play an important role. For these institutions to give special attention to the problems of the industrially less-advanced countries in connection with a preferential system, the setting up of specific guidelines would be desirable. The less-advanced countries also suffer often from particular insufficiencies with respect to their infrastructure taken in the largest sense of the term, and it would, therefore, be necessary that the international institutions dealing with the various elements of infrastructure should pay particular attention to their needs so that these countries can become attractive for investments.

112. Lastly, the less-advanced developing countries are often those which possess a rather small domestic market. Yet, an internal market of sufficient size, has, in many cases, been a particularly useful and necessary basis of departure for industrialization efforts and particularly for subsequently undertaking exports to the developed world. A systematic effort towards the establishment of multinational markets would, therefore, appear to be of particular interest for the many small less-advanced developing countries. In this respect, a report (TD/B/85) has been submitted to the Trade and Development Board, in which it is suggested that the developing countries' own efforts in enlarging their markets might be supplemented by an international support policy for integration among developing countries. Such a support policy would be designed to assist the